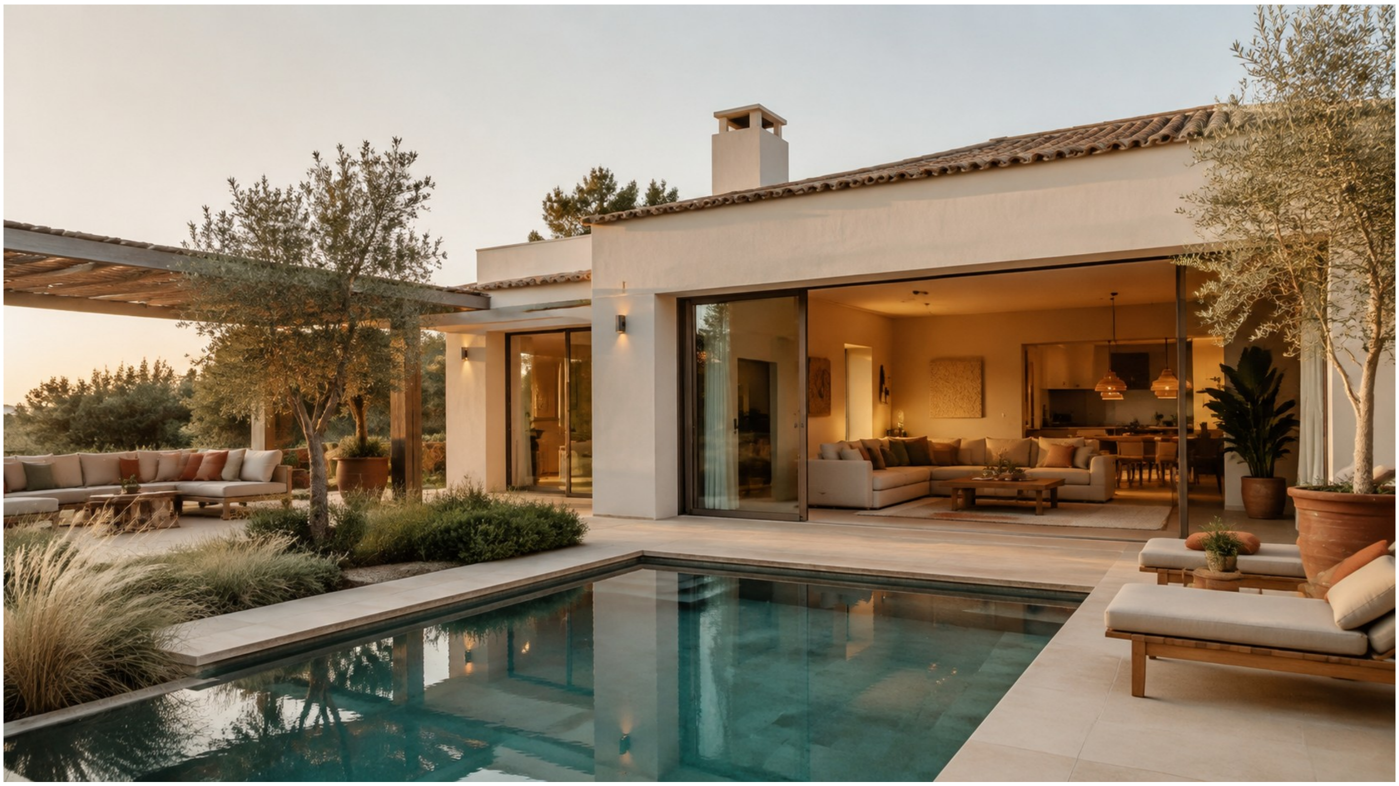
Phænix
ADVISORY SERVICES

Decision Memo

A focused written recommendation for a live real estate tax decision



Know what to do before the decision becomes final.

The Memo compares your choices, models the tax consequences, and gives you a written recommendation before you act.

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WHY THIS MATTERS

A decision you can act on

A purchase, sale, exchange, cost segregation decision, entity change, or management change can affect taxes well beyond the transaction itself. The right answer depends on the facts, timing, alternatives, and how the decision fits your current position.

01	02	03
What choices are actually available?	**What are the tax and cash-flow effects?**	**What should happen before the deadline?**
We define realistic alternatives and remove options that do not fit the facts or deadline.	We model the relevant federal and state effects using clear, stated assumptions.	We give you a written recommendation, required documents, an implementation owner, and next steps.

The Memo gives you:

- A plain-English recommendation tied to one specific decision and deadline.
- A comparison of viable alternatives, including tax effects, tradeoffs, and key assumptions.
- A clear list of facts, documents, and outside-advisor questions that must be resolved.
- A standalone decision record your CPA or attorney can act on directly - useful whether Phænix implements it or not.
- Where a strategy does not fit your facts, a written statement saying so. That happens more often than the people selling those strategies admit.

The Memo is not a sales teaser. It is a complete decision-specific engagement. Ongoing implementation is separate because carrying the recommendation through is genuinely different work. Clients who want continuing oversight can move into an ongoing advisory relationship - nothing in this engagement depends on it.

THE QUESTIONS CLIENTS BRING US

Six questions to ask before it becomes permanent

Each of these has a deadline attached, and most owners have never had four of them answered. Two are supportability questions rather than decisions, so they route to a different engagement. We tell you which one applies before you pay anything.

01 Should I do a cost segregation study, and in which year?

Whether the study is worth buying, which year it belongs in, and what the benefit is net of the study cost and future recapture. Routed to the Decision Memo.

02 Can my rental losses offset my W-2 income?

Whether this property meets the stay-length and participation standard, and whether the evidence exists today rather than reconstructed later. Routed to the Defensibility Assessment.

03 Should I qualify as a real estate professional?

A separate and harder test than the one above. Whether the hours are realistically available, and what qualifying would actually require. Routed to the Defensibility Assessment.

04 Is there a real tax benefit to buying this one?

Whether the property can meet the standards as you intend to run it, what the deduction is worth, and what the deal returns if none of it lands. Routed to the Decision Memo.

05 Sell and pay the tax, or do a 1031 exchange?

Each path modeled to net proceeds including recapture and state tax, with the exchange deadlines measured against real calendar dates. Routed to the Decision Memo.

06 Should each property have its own LLC?

The tax consequences of structure alternatives, including whether a management company converts rental income into earned income. Routed to the Decision Memo.

On entity questions: Phænix models the tax side of structure alternatives and, where separately scoped, handles the formation filings, EIN, state registrations, and tax elections. Your attorney drafts the governing documents and advises on liability protection.

SIX DECISION AREAS

What we analyze

We define the decision, compare the realistic paths, and test the facts and assumptions that could change the recommendation.

01 Decision facts & deadline

The transaction or event, ownership, timing, current tax position, decision owner, and hard dates.

02 Alternatives & constraints

Viable options, legal, lender, and operating limits, choices already made, and options no longer available.

03 Tax & cash-flow model

Relevant federal and state effects, basis, depreciation, gain or loss, timing, cash impact, and key limitations.

04 Risk & sensitivity

Assumptions, missing facts, ranges, breakpoints, and conditions that could change the recommendation.

05 Documentation & coordination

Records, elections, agreements, and questions for attorneys, lenders, cost segregation firms, or property managers.

06 Implementation path

The recommended action, required steps, owner for each step, record cutoff, and decision deadline.

How we rate each alternative

RECOMMENDED	VIABLE WITH CONDITIONS	NOT RECOMMENDED
The best-supported choice based on the facts provided and your stated objective.	The option may work if the listed facts, approvals, or documents are resolved.	The option does not appear to support the objective or creates avoidable material risk.

A PRACTICAL, CLIENT-FRIENDLY DELIVERABLE

What you receive

01 Executive recommendation A plain-English decision, why it is recommended, headline figures including the value of the path not taken, the deadline, and the immediate action.	**02 Decision facts & assumptions** A clear record of the facts, documents, sources, assumptions, and open items used in the analysis.
03 Alternatives & modeling A side-by-side comparison of viable choices and the relevant federal and state tax effects.	**04 Risks & tradeoffs** What could change the answer, the consequences of each choice, and sensitivity to key assumptions.
05 Documentation & action checklist The records, elections, approvals, and due dates needed to carry the decision forward - including whether your CPA, attorney, or Phænix is best placed to own each step.	**06 Advisor-led findings meeting** A 45-minute discussion of the recommendation, questions, implementation options, and the next step.

Illustrative decision snapshot

The report quantifies the decision using stated assumptions. It does not treat estimates as guaranteed results or replace legal, lending, or transaction advice.

$310,000 Estimated gain under the current sale assumptions before available adjustments.	$82,000 Estimated near-term tax difference between two viable decision paths.	48 days Time remaining before the stated closing, lender, or election deadline.

Examples are illustrative only. Your recommendation depends on your facts, documents, tax profile, and deadline.

A CONTROLLED, FOUR-STEP PROCESS

How the Memo works

1. **Secure intake** — Define the decision, deadline, and required records.
2. **Structured modeling** — Test options, assumptions, and tax effects.
3. **CPA recommendation** — Select the best-supported path and document why.
4. **Findings meeting** — Explain the recommendation, actions, and what happens next.

What you provide

- Transaction or decision documents and the hard deadline
- Current ownership, entity, basis, and financing facts
- Relevant tax returns and depreciation schedules
- Proposed alternatives and operating assumptions
- Known attorney, lender, or other advisor constraints

What Phænix does

- Organizes facts and separates verified inputs from assumptions
- Models only the alternatives included in the agreed scope
- Tests federal, state, timing, and documentation effects
- Applies CPA judgment and states a written recommendation
- Identifies implementation owners, records, and deadlines, and raises the scoped questions with your CPA, attorney, or lender

Reliability and timing come first

If critical facts or records are missing, we limit or pause the affected conclusion rather than guess. The 5–10 business-day timeline begins only after Phænix accepts the required records as complete. New facts, added scenarios, or late records may require a revised fee or delivery date. **Once Phænix accepts your records as complete, you receive the written recommendation by the stated date or the fee is waived. If the recommendation does not address every item on your agreed facts list, we complete that item at no additional charge.**

TWO DIFFERENT PROFESSIONAL ENGAGEMENTS

Decision Memo vs. Defensibility Assessment

The Memo helps you choose before a live event. The Defensibility Assessment tests whether a current or planned tax position is supportable.

	Decision Memo	Defensibility Assessment
Primary question	What should I do before this deadline?	Is my current or planned position supportable?
Trigger	A live acquisition, sale, exchange, cost segregation, ownership, entity, or management decision	Uncertainty about a filed or upcoming return, participation, depreciation, or documentation
Analysis	Compares alternatives and models consequences	Reviews treatment, evidence, gaps, and exposure
Typical questions	Cost segregation timing, purchase benefit, sell or exchange, entity structure	Loss usability against W-2 income, real estate professional status
Deliverable	Written recommendation, assumptions, checklist, implementation owner, and deadline	Findings, exposure range, evidence gaps, and prioritized remediation
Fee	$4,500 standard; $8,500 extended	$4,500 standard; $6,500 extended
Turnaround	5–10 business days after complete records	7–10 business days after complete records

Choose based on the trigger

- Choose the Memo when a dated decision is still open and real alternatives remain.
- Choose the Defensibility Assessment when a tax treatment already exists or filing supportability is the question.
- When both issues are present, Phænix defines one scope or stages the work in the right order.
- Your current CPA stays in place. Either engagement gives them a documented position to work from.

> Neither offer is an unfinished version of the other. Each solves a different problem and can stand on its own.

WHO THIS ENGAGEMENT SERVES

Is the Decision Memo right for you?

A strong fit when you:

- Face a specific acquisition, sale, exchange, cost segregation, ownership, entity, or management decision
- Have a real deadline within the next several months
- Need alternatives compared before money moves or documents are signed
- Have meaningful tax, cash-flow, or documentation consequences
- Want a written recommendation and a clear implementation owner

Not designed to include:

- Supportability review of a prior or upcoming return position - that is the Defensibility Assessment, which can be staged alongside this engagement
- Drafting or reviewing operating agreements or other governing documents, advice on liability protection, investment underwriting, property inspection, or lender approval
- Complete household or portfolio tax architecture
- Tax return preparation, amended returns, bookkeeping cleanup, or implementation
- Unlimited scenarios, post-decision monitoring, or advisor coordination beyond the scoped questions

Start before the decision becomes final

You do not need every answer. Start with the free Readiness Intake - it routes you to the right engagement and tells you plainly if this is not a fit. The Memo is $4,500 for a single event with defined alternatives, $8,500 when multiple entities, states, or transactions are involved, and quoted for more complex matters. The Defensibility Assessment is priced identically at $4,500 standard and $6,500 extended. Delivery is 5–10 business days after complete records; rush work is separate and subject to availability. Fifty percent of the fee credits toward an annual Phænix Advisory Partnership if you onboard within 60 days. A redacted sample Memo is available on request.

COMPLETE THE READINESS INTAKE • www.phaenixas.com/decision

Make every real estate decision with confidence.

Your tax return records what happened. Phænix helps shape what happens next.